

**ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009**  
**COMMITTEE STATEMENT**  
**LB218**

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**Hearing Date:** Wednesday January 28, 2009  
**Committee On:** Revenue  
**Introducer:** Cornett  
**One Liner:** Change, eliminate, and provide state aid to various political subdivisions

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 7 Senators Utter, Louden, Hadley, Friend, Dierks, Cornett, Adams  
**Nay:** 1 Senator White  
**Absent:**  
**Present Not Voting:**

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**Proponents:**  
Senator Abbie Cornett  
Larry Dix  
Steve Walker  
Gordon Kissel

**Representing:**  
Introducer  
NE Association of County Officials  
Douglas County  
Lancaster County

**Opponents:**  
William McLarty  
Lynn Rex

**Representing:**  
Dakota County Bd. of Commissioners  
League of NE Municipalities

**Neutral:**  
Jack Cheloha

**Representing:**  
City of Omaha

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**Summary of purpose and/or changes:**

LB 218 eliminates three existing state programs which provide funds to county government. These are the jail cost reimbursement program, state aid to counties, and county property tax relief. A new state aid program is created to substitute for these three programs. The distribution of state funds to counties under the new aid program will be based solely on the share of statewide taxable value found in each county, and aid distribution will be updated annually as this value changes. The amount of funds budgeted for this program will vary from \$10.5 million to over \$17 million, depending on the state budget.

Section 1. The new language in Section 1, page 15, would add the new aid program created by the bill to the local government budget lid provisions. The repealed aid programs are currently subject to this budget lid provision, and the language retains this policy.

Section 2. The stricken language on line 11, page 5, removes a requirement for prisoner reimbursement found in existing law.

Section 3. The language makes an addition of this program to a current list of those which may be withheld if a political subdivision fails to make loan payments to the state under the Safe Drinking Water Act.

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Section 4. The deleted language and the addition of the word "may" repeal and make optional the funding of aid programs that originally provided for the amounts shown to be budgeted to counties, cities and natural resources districts. These funding amounts were passed and implemented when personal property exemptions were created by the Legislature.

Section 5. The language found on line 2, and line 23 of page 7, strike some references to the prior appropriation amounts found in Section 4 of the bill. The effect is to remove a commitment made to fund the Municipal Infrastructure Redevelopment Fund until the year 2008-2009, and then increase city aid funding by a prescribed amount thereafter.

Section 6. The amendatory language on line 10, page 8, alters the commitment to natural resources districts funding.

Section 7. This section creates a new county aid program which will provide a means for determining the minimum and maximum amount of state aid budgeted, and a method for distribution of the these funds.

The means for determining the amount of aid budgeted will be to multiply the statewide valuation of all counties times a minimum or maximum percentage figure found in the law.

The method of distributing the aid will be to divide this total calculated amount among the counties based on their share of the statewide valuation, after a minimum required distribution amount of \$30,000 is first made to each county.

Section 8 requires state aid from this new program and other sources to be taken into account in setting the tax levy for the year.

Section 9 allows state funds granted under the Wastewater Treatment Facilities Loan Fund to be recovered from this aid allotment.

Section 10 allows the Department of Administrative Services to withhold funds owed to the state by the county for care of patients in state institutions from the aid fund created by the act.

Section 11. The language on line 20, page 11, currently allows the Jail Standards Board and the Corrections Department to withhold jail cost reimbursement funds if standards are violated. The bill eliminates the jail cost reimbursement fund, making this enforcement power obsolete.

Section 12 makes the program operative for the 2009-2010 fiscal year.

Section 13 repeals amended sections.

Section 14 repeals other sections.

Section 15 establishes the Emergency Clause.

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**Explanation of amendments:**

The Committee amended the bill with a delayed effective date of July 1, 2011. No changes in county aid will be implemented in the upcoming biennial budget with this amendment.

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Abbie Cornett, Chairperson